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SUMMARY RECORD OF THE 2nd MEETING

Held at the Vienna International Centre, Vienna,
on Monday, 18 May 1998, at 3 p.m.

President: Mr. PITTALUGA FONSECA (Uruguay)

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The meeting was called to order at 3.15 p.m.

ORGANIZATIONAL MATTERS

1. **The PRESIDENT** said that the Bureau had decided to recommend to the Board that it follow the practice established at previous sessions, namely, to hold informal in-session consultations to facilitate the drafting of decisions and subsequent consensus in the plenary. All members of the Board were urged to participate in the consultations.

2. With regard to item 19, the Bureau had recommended that, as on previous occasions, it should itself examine applications from non-governmental organizations for consultative status with UNIDO and make recommendations which would be submitted to the drafting group in the form of a draft decision.

3. *It was so decided.*

4. **The PRESIDENT** added that any texts of draft decisions should be submitted to him as soon as possible, before being submitted to the informal consultations. The deadline set for their submission was 6 p.m that day.

5. The Bureau had also recommended that Mr. A. Nizam El-Din, Vice-President, should chair the consultation meetings.

6. Since the Board at its current session was scheduled to complete its work within two days, the Bureau had agreed that draft decisions could be discussed in the informal consultations before the related items were taken up in the plenary.

ANNUAL REPORT OF THE DIRECTOR-GENERAL ON THE ACTIVITIES OF THE ORGANIZATION IN 1997 *(continued)* (IDB.19/10 and Add.1 and 2; IDB.19/CRP.7)

UNIDO TECHNICAL COOPERATION ACTIVITIES IN 1997, INCLUDING OPERATIONAL ACTIVITIES FOR DEVELOPMENT *(continued)* (IDB.19/3)

SECOND INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA *(continued)* (IDB.19/5)

INDUSTRIALIZATION OF THE LEAST DEVELOPED COUNTRIES *(continued)* (IDB.19/8)

FIELD REPRESENTATION *(continued)* (IDB.19/11; IDB.19/CRP.8)

INTERNATIONAL CENTRE FOR SCIENCE AND HIGH TECHNOLOGY (IDB.19/7)

PERFORMANCE INDICATORS *(continued)* (IDB.19/6; IDB.19/CRP.2)

TIMELY PAYMENT OF ASSESSED CONTRIBUTIONS *(continued)* (IDB.19/12 and Corr.1, IDB.19/13; IDB.19/14; IDB.19/CRP.3)

7. **Mr. REGUIEG** (Algeria), speaking on the behalf of the Group of 77, said that, as UNIDO continued to pursue the reform process, its original mandate of bringing a better life to the peoples of the planet through industrial development should not be forgotten. That goal was now the responsibility of a new generation of citizens who would not permit any erosion of the right to development to which the Group of 77 had always been committed. UNIDO remained the symbol and manifestation of the sovereign will of its Members to help the people of the developing world to help themselves. Operating under a new Director-General, who, after only five months in office, had already exceeded the expectations of Member States, and with the Business Plan on the Future Role and Functions of UNIDO, adopted after long and hard negotiations, the Organization was ready to become an international forum, a catalyst of information and services, in which Member States could participate according to their levels of development, with flexibility, realism and transparency, bearing in mind the diversity, characteristics and needs of the different regions.

8. Agenda items 4 and 10 related to activities undertaken in 1997 under different guidelines and thematic priorities from those adopted in December of that year at the seventh General Conference session within the reform process. In the course of 1997, the Organization had spared no effort to provide conditions conducive to the implementation of a number of industrial ventures for various regions, in particular Africa. Africa should remain a primary recipient of UNIDO's services.

9. The performance indicators system should become an integral part of future annual reports, so as to provide Member States with the comprehensive information needed to assess the work of the Organization and its performance both at Headquarters and in the field. Those indicators would in fact be crucial to Member States' evaluation of services and programmes and of the implementation of the reform process. The Secretariat should therefore introduce mechanisms through which the indicators would be operated, with a view to serving all Member States, recipients and donors alike.

10. The Group of 77 agreed in principle with the plan introduced by the Secretariat regarding the Second Industrial Development Decade for Africa (IDDA) and

looked forward to its implementation in the light of the four thematic priorities of the Plan of Action for the Alliance for Africa's Industrialization. The Group stressed the importance of convening a donors' conference in late 1998 or early 1999 with a view to obtaining commitments and pledges for industrial development programmes in Africa.

11. In relation to agenda item 7, UNIDO should strengthen its cooperation and coordination with least developed country (LDC) programmes and with other agencies of the United Nations system, in the light of the recommendations and conclusions of the Fourth Ministerial Symposium on the Industrialization of the Least Developed Countries held at Vienna in November 1997.

12. With regard to field representation, he welcomed the efforts made by the Director-General and the Secretariat since the last session of the General Conference to develop an operational mechanism. In revitalizing the field representation programme, the concepts of equitable geographical representation and flexibility should be taken into account and an integral approach adopted, bearing in mind specific criteria, objectives and programmes and the needs of each region. It was to be hoped that the field representation programme would be elaborated with due regard for the concerns of all regional groups and their legitimate aspirations to gradual and balanced development.

13. With regard to agenda item 11, the Group of 77 greatly appreciated the administrative and financial measures recently introduced by the Director-General to streamline operational expenditure and limit the costs of the staff separation programme, and was encouraged by the positive trend towards early payment of assessed contributions for the current year. Much remained to be done in that area, however, particularly in relation to the settlement of arrears. In that connection, the open-ended discussion group had made commendable efforts.

14. The suspension of the voting rights of 68 Member States, including those of eight members of the Board, was a matter of some concern. The Group appealed to all those Member States to reverse that situation and enable the Secretariat to accelerate the implementation of the programme and budgets for 1998-1999.

15. With regard to personnel matters and the composition of the Secretariat, the Group of 77 believed that the principle of equitable geographical representation should be applied at all levels in view of the under-representation of the developing countries, especially at the decision-making levels. The issue of gender balance at all levels, especially at the D-1 and D-2 levels, also needed to be addressed in line with the system-wide reforms.

16. Member States should give UNIDO the chance to consolidate its reforms, in a climate of stability; they should strengthen the Organization and give it the means to accomplish its important mission.

17. **Mr. HOBEICA** (Lebanon) expressed appreciation for the Director-General's presentation of the various phases of reform. The achievements so far were promising but the Business Plan could not be implemented properly and according to schedule unless contributions were paid on time. He commended the efforts of the discussion group on timely payment of assessed contributions.

18. Industrial development was a means to the end of economic development in general and not an end in itself. UNIDO should therefore focus on providing incentives for developing countries to become involved in broader economic development programmes and to establish strategic links between industry and other sectors of the economy, bearing in mind the importance of the private sector in industrialization processes.

19. Ecological issues were of great importance and clean industrial processes should be a top priority in all countries, in view of such problems as ozone-layer depletion and climate change.

20. Field representation had always been of great importance. UNIDO's study would therefore provide a basis for equitable geographical distribution and for reviewing field office operations. The Director-General should have broader and more flexible operational facilities to give him access to all available information on the operations of the field offices, including ways of exploiting their potential. Lebanon supported all the measures referred to by the Director-General to alleviate the administrative burden on staff in the field offices. The Lebanese Government had proposed that premises be made available in Beirut to house the offices of the Economic and Social Commission for Western Asia (ESCWA) and the United Nations Development Programme (UNDP), and possibly also of UNIDO in the near future.

21. UNIDO had always played an important role in the economic development of Lebanon and its support was vital for the continuation of that process. Lebanon supported the Director-General's proposals and would do its best to cooperate in implementing the reform process and furthering industrial development.

22. **Mr. BAN** (Republic of Korea) said that, given the socio-economic implications of industrial development, the role and function of UNIDO should be further strengthened through commitment on the part of Member States.

23. His delegation greatly appreciated the dynamism and diligence displayed by the Director-General in implementing the reform plan and supported the organizational restructuring, staff reductions and in particular the programmatic transformation. It hoped that the integrated packages of services would help promote UNIDO's status in the international community. Member States should in future give the Director-General a broader mandate to enable him to take more decisive and bolder initiatives in reforming UNIDO. Only in that way would the Organization be able to introduce new blood and overcome its identity crisis. The recent Forum on Industrial Development had provided a good opportunity to discuss the future direction that UNIDO should take so as to enable the developing countries to meet the challenges of globalization. The views expressed at the Forum would undoubtedly be taken into account in the implementation of UNIDO's programmes and projects.

24. Field representation activities, in particular, should be strengthened so as to enable UNIDO to respond more effectively to the requirements of developing countries and countries with economies in transition. At the same time, greater attention should be given to countries where no field office existed, particularly the LDCs.

25. In the context of cooperation between UNIDO and the Republic of Korea since 1997, the Investment Promotion Service (IPS) office in Seoul was continuing to promote investment projects for developing countries, and work on the preparatory phase for the establishment of the International Centre for Material Evaluation Technology (ICMET) was proceeding with government funding. Also, an Asia-Pacific Workshop on the Environmental Risk Assessment and Management of Chemicals had been held in Seoul in April 1998. His Government would continue to cooperate with UNIDO in promoting the industrialization of developing countries.

26. **Mr. MANNO** (Italy) expressed his full support for the statement made by the United Kingdom on behalf of the European Union.

27. UNIDO's IPS office in Italy had started operations in Milan in 1987 with the broad mandate of promoting industrial cooperation between Italian firms and those of developing countries; agreement had been reached on extending the activities of the office until December 1998. At the beginning of 1997, a second office had been opened in Bologna.

28. In the 10 years of its existence, the Milan IPS office had concluded 184 projects for a total investment of some $1.133 million—an average investment of just over $6 million. Approximately 25 per cent of the projects circulated by the office had generated specific inquiries by Italian entrepreneurs. Of the projects reported as concluded, 49 had reached the operational stage or were being implemented, for a total investment of $171.38 million, i.e. an average investment of $3.48 million.

29. The IPS had slowly expanded its activities to cover all the regions of the world, targeting individual countries in the context of integrated investment promotion programmes launched by UNIDO and supplementing activities conducted under the auspices of UNIDO with special bilateral programmes which were aimed at better fulfilling requirements and demands originating from the Italian business community.

30. Equally crucial was support for human resources development. More programmes focusing on people-to-people exchanges and experience-sharing needed to be implemented, in order to provide small and medium enterprises in developing and developed countries alike with the opportunity to gain and maintain a leading edge over competitors. Interaction between developing and developed countries was expected to result in increasing integration and expansion of the global economy through mutually beneficial trade and investment.

31. The opening of the Bologna office had resulted from a number of changes that had taken place since the early 1990s in the context of the globalization process. The office had then been faced with the need to support SMEs in developing countries, which were confronted with extensive internationalization of their operations, but were unable to grasp the opportunities or counter the threats involved.

32. Over the past few years, the Bologna office had reconciled humanitarian aspects of cooperation with economic factors. Against that background, the opening of the Bologna office reflected a new concept of cooperation between developing and developed countries, hinging on the dynamics of local systems and on the resources of SMEs, which often had great difficulty in gaining access to sources of finance, despite the viability of their projects.

33. The Italian Investment Promotion Network Unit in Egypt might be an interesting reference model. In 1996, the IPS had developed a project to support Egypt's efforts to stimulate industrialization and develop local entrepreneurship, by promoting joint business activities between entrepreneurs in Egypt and Italy, particularly SMEs. The mandate of the Unit in Egypt was to establish direct contacts with the Egyptian business community in order to assist individual entrepreneurs in formulating and developing new industrial projects. The Unit endeavoured to identify business opportunities, assess their viability and promote them within the Italian business community.

34. The most significant and innovative feature of the programme was its links to a bilateral concessional credit line to be made available to Egyptian entrepreneurs. The

objective was to foster the development of new enterprises, the acquisition of new technology and the creation of job opportunities. The Unit was also expected to play an important role in assessing the viability of each proposal to be financed through the credit line. It had funds available to co-finance the development of business plans and feasibility studies, to provide ad hoc technical, managerial, marketing and financial expertise to individuals and groups of entrepreneurs, to support the participation of Egyptian businesses in exhibitions in Italy, and to co-finance technology innovation programmes.

35. The Bologna office had started its activities on 1 February 1998. Negotiations to extend a similar service to other countries, including Albania and India, were already at an advanced stage. The office had also been very active in supporting the 1998 Asia-Europe Small and Medium Enterprises Conference (AESMEC).

36. **Mr. FABIJANSKI** (Poland) said that 1997 could be regarded as a milestone in the life of UNIDO, whose restructuring and new leadership should make it more responsive to the needs and expectations of Member States and the rapidly changing global environment.

37. The United Nations system organizations faced demanding tasks and responsibilities in a changing world. UNIDO needed to find its proper place in the new environment and perform its tasks in a new and more appropriate way.

38. The Director-General's opening statement had referred to a number of substantive issues—industrial development in a liberalized and globalizing world economy, the promotion of sustainable industrial development and the promotion of clean industry. Those issues were of the utmost importance not only to UNIDO itself but also to its Member States and to the world economy.

39. The documents submitted to the Board and the achievements of the Director-General in his reform of the Organization all indicated that UNIDO was moving in the right direction, specializing and adjusting its activities and targets to the current needs and demands of Member States. UNIDO's search for a meaningful way of functioning in new global circumstances had required substantial changes in its structure as well as a new programmatic approach. Its new organizational structure was in conformity with the concept of clustering activities to focus on strengthening industrial capacities and on cleaner and sustainable development.

40. Adjusting the number of posts to the financial demands of Member States and to the newly defined tasks of the Organization had been a painful operation but would undoubtedly improve effectiveness and efficiency and accelerate the decision-making process.

41. Poland highly appreciated the results of the discussion group on timely payment of assessed contributions. It also supported proposals on a new formula for field representation, the concepts of integrated packages of services and of performance indicators and enhanced cooperation with other international organizations.

42. The Government of Poland hoped to see UNIDO firmly placed among other organizations of the United Nations system, serving the pressing needs of its Member States, particularly the LDCs of Africa, Asia and Latin America, and of the countries in transition. Multilateral cooperation would also help to alleviate the burden of adjustment to the new situation of the developing countries, particularly those of Africa. UNIDO's Constitution had become more relevant than ever, owing to technological innovation, the liberalization of trade and investment, and globalization on the one hand, and the need to reduce social inequities on the other. Poland had never regarded industrial development as a unique solution for developing countries but saw it as one of the most basic and critical objectives for those countries.

43. Achievement of the objectives of the current reform programme would have a positive impact on the future of UNIDO. Past experience indicated a movement towards positive and successful reform, and it should not be ignored in efforts to recreate a relevant and successful organization, capable of playing an important role in industrial development in years to come. The Government of Poland was fully committed to participating in the implementation of UNIDO's reform.

44. **Mr. TIWARI** (India) said that UNIDO provided a unique forum for exploring ways and means of rejuvenating industry for the greater well-being of Member States, especially developing countries, in the current global climate marked by a general decline, especially in the industrial sector, and a concentration on financial and currency management at the expense of genuine management of the economy and industrial development, which alone could bring about growth, employment and all-round prosperity. In connection with those goals, the time had also come to review long-term strategies previously regarded as highly successful, such as that of export-led growth.

45. As a multilateral agency, UNIDO had a particularly important role to play in the development of national institutions and capabilities permitting Governments to meet the challenges posed by a borderless economic system dominated by conglomerates and to seize the opportunities opened up by the global market. Only through multilateral institutions and approaches could an international system be created which not only maximized

global growth but also achieved a greater measure of equity.

46. The successful completion of the first phase of UNIDO's restructuring process, made possible in part by the efforts of the new Director-General, should be seen as merely the start of the process of fully implementing the Business Plan and strengthening the Organization's programmes and initiatives.

47. In the field of human resources development, through UNIDO's support and in cooperation with the Entrepreneurship Development Institute of India, his Government had set up a regional centre for strengthening industrial management capabilities at the enterprise level to cater to the needs of LDCs, establishing a focal point in Botswana as a first step. In the belief that UNIDO should intensify its efforts to harmonize development and environmental imperatives and attach high priority to technical cooperation directed towards the abatement of pollution and promotion of cleaner production technologies, India was currently formulating proposals, to be submitted to the General Environmental Facility (GEF), for increasing the efficiency of industrial boilers and reducing pollution levels in cement plants.

48. In close association with UNIDO, India had over the past three years organized a series of INTECHMART programmes to promote financial and technical cooperation with foreign entrepreneurs and had also held workshops on build-operate-transfer (BOT) and other instruments. Such efforts now needed to be systematized in order to reduce overheads, hence the launching of state-specific INTECHMARTS, the first of which were to be held shortly in Gujarat and West Bengal. The Indian Government had also approved a project to facilitate SME matchmaking on a continuous basis.

49. In line with its support for South-South cooperation, the Second IDDA and industrialization of LDCs, his Government was contemplating a project for the transfer of industrial technology to LDCs in the African region, where competitive advantages were best exploited through an agro-based industrial strategy.

50. UNIDO was also the best-placed agency to establish an institutional mechanism for the efficient and cost-effective collection and dissemination of data on industrial development, an endeavour which it could set about in earnest now that its new organizational structure was in place. In that regard, India hoped that UNIDO would remain involved in a suitable capacity in the International Centre for Science and High Technology in Trieste.

51. The commendable efforts already made to strengthen the structure of UNIDO's field representation on the basis of objective criteria and to decentralize authority should be directed in the next biennium towards developing a proactive, competent and professional field organization delivering services and products to the developing countries, thereby improving the Organization's contact with clients and building partnership with the many public and private agencies in the development field. A balance was needed between expertise in the field and the critical mass of staff capacity at Headquarters, as well as between the volume of services delivered through field offices and the cost of such services. Regular rotation between Headquarters and field personnel was also an important consideration, regarding which the Director-General's progress report was appreciated.

52. UNIDO should intervene in private sector development only at the specific request of private enterprises and for the purpose of institutional capacity-building. Experience showed that, while private sector development should indeed be the main engine for the economy, a judicious mix of private and public spending would help remove the bottlenecks impeding long-term industrial growth, while privatization could be achieved more smoothly through the regional exchange of information and experience at the macro and micro levels.

53. Again, at the regional level, cooperation in a programme for upgrading industrial skills and the exchange of best practices would help meet the challenges of the next century. India would support any UNIDO initiative for sharing its industry-related software expertise in which the private sector was actively involved.

54. In the interests of encouraging timely payment of assessed contributions and thus permitting cost-effective channelling of UNIDO's resources, he welcomed the Secretariat's proposal to levy a reasonable percentage-based penalty on assessed contributions not paid by the end of each calendar year. Donor countries should also support UNIDO's programmes and projects by increasing their voluntary contributions, while recipient countries should work closely with the Organization to mobilize funds from diverse sources. For its part, India was making an annual voluntary contribution of $1 million to the Industrial Development Fund (IDF).

55. **Mr. AMIRKHIZI** (Islamic Republic of Iran) said that UNIDO's new leadership had made every effort to achieve smooth implementation of the Business Plan and that the close cooperation and contacts between the Secretariat and Member States had resulted in the mutual confidence necessary for the Organization's transformation into a dynamic institution responsive to the industrialization needs of developing countries.

56. Now that the first phase of UNIDO's restructuring had been successfully completed, the second phase would focus on the Organization's substantive programme, to be implemented through the provision of an integrated

package of services with the ultimate aim of improving living standards worldwide.

57. His delegation commended the efforts of the Director-General and the Secretariat to develop operational mechanisms for the review of UNIDO's field representation and, likewise, fully supported the Organization's efforts for the assessment and implementation of projects related to international environmental codes and norms. With regard to the environmental issue, he encouraged the Director-General to strengthen the capacity-building efforts of UNIDO concerning the recovery and recycling of wastes and the reuse and safe disposal of residues, as well as training in the design, operation and management aspects of pollution control and related technologies.

58. Given the large number of projects under way in 1997, his delegation advocated reducing their number with a view to strengthening their impact in terms of technical delivery and thus improving the overall cost-benefit ratio for the Organization. A smaller number of larger projects would be more likely to achieve the comprehensive coverage needed by developing countries and help them improve the quality of their products and their competitiveness in the global market. Furthermore, the targets for projects should be economic growth, employment generation and poverty alleviation rather than full utilization of budgetary funds.

59. With regard to the Organization's financial situation, despite the payment by some countries of their outstanding contributions and the considerable efforts made by the open-ended discussion group, the situation had not improved substantially, primarily because of the non-payment of arrears by the former major contributor.

60. Finally, he stressed the significant role to be played by UNIDO in promoting fair cooperation between the developed and the developing world and in helping developing countries to adapt to the demands of the globalizing world economy.

61. **Mr. CELSO DE OURO-PRETO** (Brazil) said that the reform of UNIDO and the resultant, lighter organizational structure with its greater scope for horizontal communication between divisions would make for more efficient coordination and would enable the Organization to meet the new challenges facing it. Similarly, the concept of decentralization deserved the support of Member States, while the contacts and agreements now being forged with organizations such as UNDP and the United Nations Conference on Trade and Development (UNCTAD) were also welcome.

62. He reaffirmed his country's view that UNIDO should maintain its universal character in order to meet the needs of the different regions and subregions in a flexible manner.

63. Brazil attached particular importance to cleaner production technologies and accordingly hoped that its Porto Alegre project (EP/GLO/95/003) would be extended for a further 24 months. His country would also welcome cooperative ventures in the area of human resources development and quality control.

64. In conclusion, he called for renewed political support for UNIDO so that the process of redefining its future might be completed and the Organization could move forward into a new era of solidarity and stability.

65. **Mrs. AGGREY-ORLEANS** (Ghana), endorsing the statements made on behalf of the African Group and the Group of 77, thanked the Director-General for his clear and instructive overview of the measures already taken towards UNIDO's genuine transformation and for his commitment, dynamism and determination. She hoped that the signing of the memorandum of understanding with UNCTAD would mark the beginning of close, meaningful and results-oriented cooperation between UNIDO and other United Nations agencies and bodies.

66. It was heartening to note the encouraging performance of the manufacturing sector in sub-Saharan Africa, as well as the increased level of UNIDO's technical cooperation delivery for that region and the Organization's renewed commitment to assisting African countries, particularly LDCs, in their industrial development efforts.

67. UNIDO had a paramount role to play in helping African countries to establish partnerships on a firmer basis with a view to achieving sustained economic growth and development and, in particular, to establish a sound industrial base. It was her fervent hope that UNIDO and other development partners would continue to support the region in the areas of priority endorsed by the General Conference at its seventh session, within the context of the Alliance for Africa's Industrialization and the programmes of the Second IDDA.

68. Her delegation welcomed UNIDO's response to the growing importance of the private sector as the principal agent of economic development and urged it to disseminate information to the private sector, especially SMEs, so that it could take full advantage of the new services offered. Such publicity should give prominence to UNIDO's success stories so as to strengthen the confidence of the private sector and developing countries in the Organization.

69. Ghana was highly appreciative of the technical assistance furnished by UNIDO for a number of projects,

including the integrated development programmes for the wood, fisheries and packaging industrial systems, which had formed the basis of a consultative mechanism involving "clusters" for the development of programmes by the private sector. She was confident that the necessary funding for such programmes would be forthcoming.

70. A further example of the excellent relations and fruitful cooperation between Ghana and UNIDO was the sorghum project, under which a pilot malting plant was now fully operational, with a pilot brewing plant to be installed shortly. Ghana hoped that such cooperation, which contributed significantly to its industrial development effort, would continue and that UNIDO would remain firm in its commitment to the goals set out in the Business Plan.

71. In that regard, her delegation had taken note of the important linkages between the Business Plan and the Second IDDA, as well as the programme framework for implementation of Decade activities and the Alliance. Since industrial development was a multidimensional process, her delegation endorsed the interdisciplinary approach set out in the Business Plan, whereby UNIDO would provide comprehensive packages of integrated services under the Alliance.

72. The special support to be provided for the development of agro-based industries was particularly welcome, since linkages between the industrial and agricultural sectors had a potentially vital role to play in alleviating poverty. The various types of industry benefiting from such support ranged across the entire spectrum from the informal sector and micro enterprises to large-scale operations.

73. The success of the refocused Second IDDA depended on adequate funding, in which regard she welcomed the donors' conference to be held early the following year by UNIDO in conjunction with UNDP and the African Development Bank. The Alliance provided an efficient mechanism allowing UNIDO and other multilateral institutions and donors to coordinate their efforts to mobilize the necessary resources in support of Africa's industrial development. Without such coordination, it was virtually impossible for any single donor agency to tackle all the complex industrial problems of any one developing country.

74. The opportunity provided under the Alliance for a mechanism for consultation between the public and private sectors based on industrial partnership councils was in line with the redefinition by Member States of the respective roles of those sectors. In Ghana, the Private Sector Advisory Group had been established in 1989 and had provided a typical example of such a consultative mechanism. Where such mechanisms already existed, they could be strengthened or reorganized to act as industrial partnership councils, with the aim of avoiding duplication.

75. **Mrs. OK** (Turkey) congratulated the Director-General and the Secretariat on the clear and concise documentation provided and welcomed the new staff structure, which would make for more coordinated implementation of programmes and projects and better coordination across the Secretariat, while also allowing the Director-General to work more closely with all his staff, particularly those most directly responsible for projects.

76. She also welcomed the Director-General's new principles for UNIDO's transformation, which corresponded to the principles advocated by her delegation for the past five years, namely a new vision, a sense of unity and direction, a working culture with greater delegation of authority, a sense of innovation and transparency and, most important, dialogue with Member States. It was gratifying that UNIDO finally had a young manager with the courage, vision and contemporary intellect to pursue those principles.

77. With regard to the Director-General's intention of delegating more authority to his managing directors, directors and field offices, she noted the precarious balance to be maintained between control and decentralization. Maintaining that balance depended on the efficiency and conscientiousness of staff vested with new powers; careful monitoring of the process would be required and any staff found unable to fulfil their new responsibilities in accordance with the Business Plan should be redeployed. The personnel best able to serve UNIDO in the future would be innovative in their thinking rather than bureaucratic.

78. Her delegation also appreciated the Director-General's new approach of maintaining a close dialogue with Member States, an approach which took due account of the fact that it was Governments and their representatives that decided about national policies with respect to UNIDO. She therefore requested that government representatives be notified of any decisions of relevance to their country taken by UNIDO staff or any visits by such staff. Furthermore, staff should bear in mind that all visits were ultimately financed by Member States.

79. Noting the crucial role played by field representation in UNIDO's future, she urged the Director-General to support all forms of representation on condition that the host country offer a financial contribution towards its costs or provide other facilities. UNIDO should act as an honest broker, which implied careful assessment of inputs and outputs and of the advantages and disadvantages inherent in every opportunity arising.

80. In connection with the Director-General's welcome announcement of the appointment of a focal point for women, she hoped that the person designated would have wide experience in the area of women's affairs and would work closely with all personnel responsible for implementing projects related to women. Her delegation fully supported the proposal by the European Union that the principle of 50 per cent representation of women within the United Nations Secretariat should be extended to the UNIDO Secretariat.

81. In response to UNIDO's new Business Plan and its reformed management culture, Turkey was now considering resuming the important projects which it had put aside during the past two years. The Director-General's transparent and innovative approach would undoubtedly lead to new joint projects between Turkey and UNIDO.

82. **Mr. LANGELAND** (Norway) said that, while the reform process had indeed moved UNIDO in the right direction, the work of refocusing its activities and streamlining its organizational structure should continue. The main indicator of the success of the reform process was the added value that UNIDO could offer to member countries, with regard to which the concepts of performance indicators, evaluation and quality control were crucial to the Organization's credibility.

83. In order to safeguard its position in the future, UNIDO had to find its proper role within the system of multilateral development assistance by further developing its comparative advantages and building up its reputation as a centre of excellence in its defined programme areas.

84. Norway had on many occasions emphasized the need for stronger coordination of United Nations activities in the area of social and economic development and therefore welcomed the Secretary-General's reform proposals. It had also argued that the new coordination structure should be established throughout the entire United Nations system, *inter alia* in specialized agencies such as UNIDO, and that UNIDO's reform process should be seen as part of the overall reform of the United Nations. It was convinced that UNIDO thus had a role to play within the United Nations Development Assistance Framework (UNDAF), which would entail the physical integration of UNIDO's field offices into the "UN Houses" at country level. Such integration would generate considerable savings for all concerned. In that connection, Norway would welcome further information from the Secretariat on the role of UNIDO in the United Nations reform process and believed that country-level integration with other United Nations agencies should be considered in relation also to decentralization in UNIDO. Moreover, Norway expected that practical results should now be forthcoming from the twin processes of integration and decentralization.

85. In the context of coordination between UNIDO and other United Nations agencies, his country welcomed the partnership recently established with UNCTAD and looked forward to similar initiatives with other United Nations institutions or other organizations representing civil society.

86. Norway took the view that the best way forward for UNIDO in the future was to continue to sharpen its geographical and thematic focus, while concentrating on industrial policy in the LDCs as the main component of its mission. That implied laying special emphasis on agro-based industries, the environmental dimension of industrial development and capacity-building, areas which accorded with the priorities defined in the Business Plan. The importance of maintaining the gender perspective in relation to operational activities in the field as well as employment policy at Headquarters should also be stressed.

87. Regarding ongoing administrative reforms, Norway commended the Director-General for the progress made during the past five months. The economic difficulties facing UNIDO called for stringency in budgetary planning, in which regard Norway urged all countries to meet their financial obligations unconditionally, in full and on time.

88. **Mr. EFENDI** (Indonesia) said that the current session of the Board would constitute a preliminary brainstorming exercise to pave the way for full implementation of the Business Plan adopted at the last General Conference session. Indonesia had been encouraged by the new vitality displayed by UNIDO since that time, and noted with satisfaction the emergency administrative measures taken by the Director-General to maintain the effectiveness of the Organization in the face of dire financial circumstances and to ensure the continued delivery of its technical cooperation services to Member States. It looked forward to the unveiling of the new package of integrated services that the Secretariat was preparing.

89. The discussions at the recently held Forum on Industrial Development had provided greater insight into the challenges of globalization, whose impact could be seen in the economic crisis currently engulfing the countries of Asia, including Indonesia. The Forum had offered several ideas on how UNIDO could indirectly play an important role in helping minimize such impact by, *inter alia*, assisting professional associations and institutions in designing services better suited to the needs of competitive industries and in generating revenue that would ensure their sustainability, particularly in a market-driven environment.

90. His delegation also welcomed the conclusion of a memorandum of understanding with UNCTAD. That

would create a better division of responsibility within the United Nations system for assistance to developing countries and, more importantly, also reflected the two organizations' ability to combine their resources in areas such as the development of regulatory frameworks for investment and the promotion of technological innovation.

91. The matter of the settlement of Member States' arrears called for the Board's utmost attention. With regard to the recommendations contained in the report by the Chairman of the discussion group on timely payment of assessed contributions (IDB.19/12), his delegation wished to emphasize that permitting LDCs to pay their arrears in local currency could alleviate the problem of late payment arising from fluctuations and volatility of foreign currencies. With regard to the arrears of the United States of America, his delegation shared the view that the establishment of a contact group should be given high priority. The recent bill proposed by Congress linking the payment of that country's arrears to unconnected issues, although vetoed by the President, indicated that the recovery of the United States debt would be a long and complicated process.

92. The Indonesian delegation hoped that the request to the working group on the future role and functions of UNIDO to further develop a set of criteria concerning performance indicators would be given serious attention, with a view to avoiding repetition. The elaboration of a new set of criteria was essential in enhancing the Organization's capacity to adjust to the new economic situation and to pursue its reforms.

93. His delegation was currently considering the Secretariat's proposals concerning field representation. It considered that the ideas put forward were in line with the concept of decentralization as stipulated in the Business Plan. It shared the view that importance should be attached to the principle of equitable geographical distribution. His Government was also giving consideration to the question of raising the level of host country cost-sharing in relation to field offices.

94. **Mr. CHEBELEN** (Romania) said that his country had supported the reforms undertaken by UNIDO to meet the changing needs of recipient and donor countries. It was in favour of the attainment of a higher degree of demand orientation, increased integration within the United Nations family, a shortening of the response time in technical cooperation delivery, and the delegation of authority to the field offices.

95. Romania's 25 years of experience with UNIDO had been extremely positive, the Organization having shown its ability to understand the country's priorities and tailor its projects accordingly. Activities over the last two years had concentrated mainly on converting installations in the refrigeration and cosmetic subsectors with the aim of phasing out ozone-depleting substances pursuant to the Montreal Protocol; the value of related projects currently amounted to some $5 million. UNIDO had played an essential role in the elaboration of the project documents and the securing of project approvals from the Executive Committee of the Multilateral Fund.

96. Conscious of UNIDO's capacity to deliver assistance in a wide range of fields essential to his country in its present transitional stage, his delegation would appreciate a diversification of the sources of funding and of the industrial sectors to be covered by UNIDO projects. It would particularly welcome projects in the areas of investment promotion, environmental protection, industrial information, SME promotion and private-sector development, which were in line both with national targets and with the Organization's thematic priorities.

97. His delegation hoped that UNIDO would attract the financial resources that would enable it to make full use of its capacities and to meet the major needs of Member States. In that connection, he commended the Director-General's efforts to conclude strategic alliances. That would enhance the impact of international assistance at the country level through better focusing of activities and the avoidance of duplication.

98. **Mr. HAYAT** (Kuwait), speaking on behalf of the Gulf Cooperation Council, said that 1997 had been one of the most difficult years for UNIDO but had at the same time marked a turning point in the Organization's existence, with the adoption of the Business Plan. That Plan reflected Member States' conception of the functions and activities to be undertaken by UNIDO and also emphasized the need to strengthen industrial development in all countries, both wealthy and poor, and particularly in the developing world.

99. It was clear that industrial development could not be achieved unless the necessary resources were made available. He welcomed the efforts of the Chairman of the discussion group on timely payment of assessed contributions, including the report now before the Board (IDB.19/12). It was particularly important to stress the need for settlement of the arrears accumulated to date.

100. The sum of $27.7 million had been allocated from the budget to programmes outside Headquarters; that was in addition to the sum of $2.9 million from extrabudgetary resources. The States members of the Gulf Cooperation Council welcomed UNIDO's initiative in that connection. They considered it necessary to enhance the performance of the field offices and supported the proposal whereby countries with strong economies would bear all or part of the costs of field offices in those countries. It was important for field offices to have a greater room for manoeuvre. The efforts of the Secretariat and the Director-General to further the decentralization of

activities were therefore to be commended. Future reports on the issue of field representation should include details of the distribution of the field offices, their functions and their relations with Headquarters.

101. **Ms. ALEMAYEHU** (Observer for Ethiopia) said that the report of the Director-General on the implementation of the programme for the Second Industrial Development Decade for Africa (IDB.19/5) was not too discouraging, despite the lack of resources. Her delegation was convinced that the Alliance for Africa's Industrialization, launched in 1996, was the best practical mechanism for realizing the goals and objectives of IDDA II. The adoption of the related Plan of Action by the Conference of African Ministers of Industry and the Organization of African Unity clearly indicated the unwavering commitment of Africa's leaders to upholding the Alliance and continuing the implementation of its programmes. Her delegation noted with satisfaction the preliminarily steps taken by UNIDO to establish the necessary institutional arrangements for the implementation of the Plan of Action at the national, subregional and regional levels and would keenly follow the Organization's activities in connection with the programme framework of IDDA for 1998. Ethiopia was particularly interested in the development of the high-impact programme designed for sub-Saharan African countries; it looked forward to the establishment of industrial partnership councils in countries of Africa, and hoped that fruitful results regarding funds mobilization would emerge from the donors' conference planned for 1998/1999.

102. Regarding the industrialization of the least developed countries, while her delegation was encouraged by the increase in the delivery of UNIDO's services and technical cooperation to those countries in 1997 compared with 1996, it was concerned by the downward trend in manufacturing value added growth in the LDCs, which had fallen from 4.5 per cent in 1996 to 4.1 per cent in 1997. Ethiopia believed that the industrial growth of those countries could play a key role in the creation of employment opportunities and contribute effectively to alleviating poverty and ultimately raising the living standards of the developing world. It therefore applauded the high priority given in the Business Plan to the industrial development of the LDCs, which were in great danger of becoming marginalized through globalization and liberalization of the international economy coupled with rapid technological advances. Countries with a limited industrial base and an underdeveloped infrastructure could face difficulties in integrating into the mainstream of the changing economic environment. UNIDO's services in rehabilitating and strengthening industrial capacities and developing technological skills in such countries, to enable them to participate in the global market, were thus crucial.

103. Ethiopia attached great importance to the linking of industry with agriculture with the aim of enhancing productivity and competitiveness in agro-industry. It therefore accorded high priority to the conclusions and recommendations of the Fourth Ministerial Symposium on the Industrialization of the Least Developed Countries and welcomed UNIDO's decision to focus its biennium programmes on the outcome of the Symposium.

104. To meet the formidable challenges in its future activities concerning the LDCs, UNIDO required the continuous commitment and financial support of donor countries. Ethiopia was certain that, for political, social, economic and other reasons and also in the global interest, the industrially advanced countries would not allow the LDCs to lag behind in the new competitive world. The LDCs possessed a large potential market for the products of such countries and could provide them with profitable investment opportunities; if supported in their development efforts, they could become effective economic and trade partners of the industrially advanced countries.

105. **Mr. PAPAZAFIROPOULOS** (International Trade Centre (ITC)) said that ITC had followed UNIDO's reform process with great interest, having itself completed a long and painful refocusing exercise. The results were encouraging: support from all stakeholders had increased substantially, and cooperation with recipients, donors and partners had become simpler and more results-oriented.

106. Against that background, ITC believed that it could begin a new phase of partnership with UNIDO. The mandates of the two organizations were fully complementary. Industrial development activities could not be successful in a globalized economy unless international market requirements were taken into account, and trade promotion activities could not be effective unless they were closely linked to the production process.

107. Also, ITC and UNIDO worked with the same partners, i.e. trade and investment promotion institutions, and, more importantly, small and medium enterprises, which were facing the tremendous challenge of moving from domestic-market-oriented production to marketing-led production development in line with standards set by global markets. There was vast potential in that field for collaboration and the development of integrated approaches to assist SMEs in their international business development.

108. That could be achieved preferably by networking with key players and centres of excellence such as UNIDO. Synergies and possibilities for cooperation between the two organizations had already been identified at meetings with the Director-General. As a next step, it was recommended that a joint platform of at least three highly complementary organizations, i.e. UNIDO,

UNCTAD and ITC, be established, to focus specifically on joint technical assistance to SME exporters.

109. **Mr. TOTH** (Hungary) said that the recently held Forum on Industrial Development had raised important topical issues on sustainable industrial growth. The discussions at the Forum had shown how UNIDO viewed the process of refocusing its services and activities with a view to converting the principles of the Business Plan into reality. The strengthening of industrial competitiveness on domestic and international markets and support for private sector development were also central pillars of Hungary's economic policy.

110. With regard to international standards, his delegation believed that quality and environmental management systems could indirectly contribute to industrial development if they were actively promoted by ministries of industry and their underlying principles were voluntarily accepted by management and staff at the enterprise level. While upgrading the standards infrastructure was fundamentally the mandate of the International Organization for Standardization, UNIDO could continue to play a prominent role in analysing the impact of the Uruguay Round agreements and the World Trade Organization's rules on industrialization in developing countries, as well as in promoting quality and environmental management system standards as elements of national industrial policies.

111. Hungary shared the concern that the African continent, and especially the sub-Saharan countries and LDCs, risked marginalization in the globalization process. It accordingly supported the holding of consultations on the elaboration of a new international consensus on ways of promoting industrialization in different groups of developing countries in the twenty-first century, with special emphasis on social progress and poverty eradication. That was an area where, possibly, UNIDO was the only body in a position to take initiatives and address complex development issues.

112. Concerning UNIDO's new organizational structure, his delegation had noted certain senior-level positions not foreseen in the Business Plan, i.e. those of assistant director-general and two special assistants. It understood the motivations behind that development and hoped that those positions and the related activities would increase the efficiency of the restructured UNIDO. Hungary noted with satisfaction that the staffing level of the newly established Office of Internal Oversight was now equal to the previously budgeted level of the Internal Audit Unit. It considered the Office to be necessary and would support it where it gave substantive assistance to the evaluation group and thus increased the impact of its work.

113. With regard to the staff reduction exercise, his delegation wished to suggest that an amended programme and budget be presented at the next session of the Programme and Budget Committee, reflecting the current situation, in order to provide an opportunity for Member States to comment on the action taken.

114. Hungary appreciated the Director-General's efforts in applying cost-control measures with the aim of establishing a clear understanding of UNIDO's financial position and changing the rules and regulations where necessary. It hoped that those measures and the recently introduced process of delegation of authority would improve financial efficiency and simplify procedures in general. He also hoped that the cross-organizational teams would prove to be efficient and believed that such a method was useful not only for solving pressing problems but also for promoting a culture of cooperation, and felt that staff performance should also be measured in terms of ability to contribute to team efforts.

115. On the subject of performance indicators, his delegation considered the concept developed by the Organization to be sound and wished to recommend that the proposed indicators be tested in a real environment as soon as possible. While appreciating the need for a pilot period for testing the methodology, he believed that it was important to support the efforts made to date and to fully develop a system that would give a fair picture of UNIDO's activities.

116. Finally, Hungary wished to commend the endeavours of the new UNIDO management to formulate a limited number of integrated products for assisting developing countries in identifying their real needs and setting their industrial development priorities.

117. **Mr. EDATE** (Madagascar) fully endorsed the remarks made by the representatives of the African Group and the Group of 77.

118. With regard to the Annual Report of UNIDO for 1997, Madagascar appreciated the exemplary efforts made to revitalize the Organization. It was now necessary to reinforce those measures and to support the structures established under the Business Plan, particularly in the area of technical cooperation and especially in Africa.

119. Turning to agenda item 8, his delegation agreed with the quantitative and qualitative criteria concerning field representation. However, with regard to the level of host country contributions, the LDCs' costs should be adjusted downwards and be proportional to per capita gross national product.

120. **Mr. TRONENKO** (Ukraine) said that his delegation welcomed the clear progress made by UNIDO in its activities and noted that, in view of the genuine restructuring of the Organization, involving considerable budget cuts and staff reductions, there was hardly likely to be any great increase in the delivery of services. However, the programmatic transformation of UNIDO into an organization with refocused objectives, offering clearly defined packages of integrated services, would make a real contribution to the industrialization of developing countries, especially LDCs and countries with economies in transition.

121. It was to be hoped that in the process of redefining its future role as a multilateral agency, the reformed UNIDO would not only pay greater heed to the specific requirements of countries in transition but would also endeavour to achieve real results in cooperation with such countries. Such truly fruitful cooperation was crucial to restoring not only the industrial potential of those countries, but also their ability to provide technical assistance to developing countries. In fact, many of the countries in transition had the potential, despite their temporary difficulties, to become pure donors of assistance.

122. His delegation therefore hoped that the new UNIDO, in its capacity as a global forum, would be able to move from a cautious policy of isolated projects towards a comprehensive industrial policy for countries with transitional economies and towards the establishment of an effective institutional basis for the development of a market economy in newly independent States.

123. For its part, despite all the difficulties of the current transitional stage, Ukraine would endeavour, within its available means, to assist the implementation of UNIDO's programmes and would attach particular importance to mobilizing the potential of local and regional authorities with a view to ensuring social stability and steady industrial development at the regional level.

124. Within the framework of the Montreal Protocol, Ukraine hoped that IDF funds could be secured for a new project aimed at the phased elimination of the use of ozone-depleting substances in refrigeration technology. His country was also keen to ensure the continuation of a project to establish its first cleaner production centre.

125. In the areas of industrialization, investment promotion and technology transfer, mention should be made of the successful holding of INTECHMART 97 in Ukraine, yet another example of fruitful cooperation with UNIDO and a reminder of the value of refocusing UNIDO's activities on areas such as the attraction of foreign investment, the promotion of environmentally sustainable development, the creation of favourable conditions for the transfer of environmentally clean technologies, support for SMEs and the restructuring of industrial enterprises to meet free-market demands.

PERSONNEL MATTERS, INCLUDING COMPOSITION OF THE SECRETARIAT (IDB.19/9; IDB.19/CRP.1)

126. **Mr. MAGARIÑOS** (Director-General) said that, in order to explain the reasoning behind the recently adopted administrative decision to implement a new personnel policy at the beginning of 1999, he would present an analysis of developments in personnel matters between 1992 and 1998. During that period there had been 743 staff separations—54 without cost implications for the Organization and 689 with cost implications. The costs involved in those latter separations had totalled $41.9 million, broken down into $34.6 million for 361 reductions under voluntary and non-voluntary staff separation programmes, $4.5 million for 107 retirements, and $2.8 million for 221 other separations, mainly due to expiration of contracts (124) and resignations (75).

127. If the 219 recruitments which had taken place during that period were deducted from the 689 separations with cost implications, the net staff reductions would amount to 470. Furthermore, if information normally available to personnel experts, such as retirements, expiration of contracts and resignations—totalling 328—could have been taken into account, only 142 staff separations with cost implications would have been necessary to arrive at the net reduction of 470 posts.

128. He believed that the policy pursued had been rather erratic and was probably based on the need to administer a series of political appointments and promotions. Even in those circumstances, it could have been conducted more efficiently.

129. Regrettably, contrary to the budget forecasts, the General Conference had approved a complete change in the Organization's priorities, allotting extremely limited funds to meet staff training needs. He therefore considered it essential to adopt a common staff development policy. The staff deserved to have an opportunity to develop their careers, with transparent promotion mechanisms in place. He would accordingly initiate discussions shortly with staff representatives and, even though not required under the regulations in force, with Member States, with a view to achieving cost savings and improving staff members' skills development.

130. **Mr. MOHANTY** (Managing Director, Field Operations and Administration Division) said that the report before the Board on personnel matters (IDB.19/9) explained the methodology followed in order to achieve the staff separations required by the 20 per cent reduction in the budget for the 1998-1999 biennium, in the absence of adequate cash resources to meet the costs involved. In order to contain the related costs and consequently the number of staff separations, the voluntary staff separation programme had been combined with a staff redeployment programme. Following consultations between the staff and management, the voluntary separation programme had been promulgated in January 1998, and all the staff separations approved had become effective at the end of February. After a review of the applications, the total number of staff involved was 92 (19 in the Professional category and 73 in the General Service category).

131. A non-voluntary separation programme had not been implemented since the necessary budgetary reduction had been achieved through the voluntary separations and staff redeployments. A review of staff redeployment would, however, take place later in 1998 to ensure that the skills profile of the redeployed staff met the programmatic needs. A staff separation programme might thus still be necessary if the programmatic requirements were not met by the qualifications and experience of the staff members concerned or through retraining.

132. The estimated cost of the voluntary staff separation programme, $10.8 million, was much lower than the earlier estimate of $15.9 million. The reduction had been achieved through steps taken by the Director-General, including ensuring reduced expenditure through a reduced number of separations in combination with a staff redeployment programme, reducing actual costs compared with earlier estimates, and achieving a shorter period of over-incumbency than that previously envisaged.

133. In order to secure cash resources to finance the staff separations, the Director-General had introduced stringent expenditure controls earlier in the year. The resources thus secured, together with the cash surplus from the unutilized balances from 1992-1993 and the remaining balance from resources assigned to staff separations in 1996, had been used to finance the immediate costs of voluntary separations. A sum of $8.8 million had been disbursed as at 30 April 1998, and additional disbursements were expected as a result of repatriation-related costs for eligible staff and separation costs for staff due to retire in 1998.

134. The report also provided information on the number of established posts and staff on board, and the number of staff before and after implementation of the separation programme, including information on Professional staff subject to geographical distribution and the number of female staff in the Professional category.

135. Part III of the report referred to developments in organizations within the United Nations common system, in the areas of staff salaries and entitlements. Those developments entailed some adjustments in the base salaries and pensionable remunerations of staff in various categories. The related costs could be absorbed under existing budgetary provisions for the biennium.

136. In part IV, the Board was invited to consider the election of one representative to the governing body of the Staff Pension Committee in order to fill a post which would become vacant.

137. A number of recent personnel-related developments had not been reflected in the report. Through a series of administrative measures in accordance with the Business Plan, the Secretariat had been reorganized into three divisions, namely the Investment Promotion and Institutional Capacity-Building Division with five branches, the Sectoral Support and Environmental Sustainability Division with five branches, and the Field Operations and Administration Division with five regional bureaux and four branches, plus a small office to assist the Director-General. The objective was to make UNIDO a highly professional organization in which the staff achieved excellence and state-of-the-art knowledge in their respective areas of competence.

138. To that end, the Director-General also proposed establishing, by the beginning of 1999, a staff career development system based on objective criteria to ensure open and fair competition in both recruitment and promotion, a high level of professional expertise exhibited through professional output in the form of monographs and published papers and outstanding performance, rotation of staff between Headquarters and the field, and a prescribed maximum length of service in the Professional category. Pending the introduction of the new system, which required analysis and discussion with the staff representatives, a number of preparatory measures would be taken in the period up to December 1998. A one-time promotion review would be made of staff at the junior and middle levels, in both the Professional and General Service categories, with the aim of alleviating stagnation at those levels, the promotions to be exclusively merit-based and designed to enhance staff morale with a view to realizing UNIDO's programmatic goals. New and revised job descriptions for all posts would be prepared in line with the new programmatic requirements in the light of the changes that had taken place following the adoption of the Business Plan and the programme and budgets for 1998-1999. Those job descriptions would form the basis for deciding on further staff redeployment on programmatic grounds and in accordance with the inventory of skills required for implementation of the programmatic priorities. The staff review that would take place to match skills with the

programmatic requirements would be based on the new job descriptions, which were due to be completed by September 1998. The job descriptions would also provide the basis for new recruitment to vacant posts and promotion of serving staff. All new recruitments and promotions of serving staff, except those covered by the one-time promotion, would be frozen until that exercise had been completed. Finally, a new recruitment and promotion system was being put in place, ensuring that future recruitment and promotion would take place through open and fair competition based on objective criteria and approved job descriptions.

The meeting rose at 6.10 p.m.